

NXP USA, Inc.

Project Summary

Reason for this Action:

The item before you are to approve a resolution to “reassign” the previously approved Project Designation from Freescale Semiconductor, Inc. to NXP USA, Inc. This is “strictly an administrative change” to the existing Project Designation that was approved by the City of Austin’s City Council in 2015. On December 7, 2015, Freescale Semiconductor, Inc. and NXP announced the completion of a merger of the two companies. Subsequently, Freescale Semiconductor filed for an Amendment to Registration with the Texas Secretary of State changing the legal name of the entity from Freescale Semiconductor, Inc. to NXP USA, Inc.

If reassignment as an Enterprise Zone Project is approved for NXP USA, Inc., the company would be eligible for a refund of State sales and use tax based on the employment criteria and the amount of the capital spent at the qualified business site just as Freescale Semiconductor was originally obligated to perform. NXP USA, Inc. remains committed to the approximately \$11 million in capital investment projects. On July 17, 2015, Freescale employed 912 employees at its Ed Bluestein facility, and NXP USA, Inc. expects to maintain this level of employment, and retain up to 500 full-time jobs for benefit under the December 1, 2015 Project designation. These retained jobs meet the definition of “retained jobs” in the Texas Government Code 2303.401 (2).

The Public Good:

1. The City of Austin would continue to work with our corporate partners in battling poverty, and in this case, this would assist the disadvantaged in a zone suffering from 38.90% poverty according to the state’s data of the last decennial census.
2. The City of Austin would continue to send a signal that it appreciates all corporate partners who take advantage of this program to help our citizens who meet the definitions of economically disadvantaged, enterprise zone residence or veteran requirements.
3. The City of Austin would continue to support a program that requires no fiscal impact to the city.
4. The City of Austin would continue to support the capital investment within the Desired Development Zone rather than the Drinking Water Protection Zone.
5. The City of Austin would continue to maximize our local efforts to return state sales and use tax to our city, rather than allow those dollars to be sent to other cities in support of their corporations and/or local economies.

Attached, you will find the Project Summary document for Freescale Semiconductor, Inc. that the justification for council approval for the December 2015 application.